Resilient Edge: A Business Vitality Podcast from Deloitte

S2 EPISODE 1 — NT + OP = EOP (New Tech + Old Processes = Expensive Old Processes)

TRANSCRIPT:

00:00:01 **Jan Gilg:** The ERP goals, they need to be anchored in where the business is going. You're basically not just automating the status quo.

00:00:09 **Chip Kleinheksel:** I worked with a partner way, way back and he wrote up on a board, and I've never forgotten this. He put an equation and it said, NT+ OP= EOP. And I said to him, "What is that?" He says, "New technology plus old processes just equals expensive old processes," that's what he told me.

Hello and welcome to season two of Resilient Edge, a business vitality podcast from Deloitte. I'm Chip Kleinheksel, the Chief Technology Officer of Deloitte's Global SAP Alliance. In this series, we explore some of the most pressing business transformation issues that organizations are contending with today. The question at the heart of our series, how do companies and executives go from thinking about change to actually making it happen at scale. I'm joined by world-class specialists at Deloitte, SAP and beyond to help me answer this question.

We're focused on three central themes this season, artificial intelligence, something that's deep for me and has been even before it was cool, data and how to make it really useful, the energy resources and industrials industry, a sector facing a moment of change, and today's topic, which brings all three themes together: how does a business in 2025 future-proof itself? And while we're talking about the future, something I should note is that we're recording this a few months prior to publishing. So if we say anything that sounds anachronistic, that will be why. Thanks in advance for your understanding, Resilient Edge listeners.

The last 10 years have been all about digital transformation. As the world and businesses have fully embraced and adapted to this seismic change and the way we live, work, the question arises what's next? What's worth investing in now that will successfully equip companies for the future and stand the test of time? What will drive transformative, impactful value over the next 10 years, and what will value look like in the short and long terms. To help me answer these questions, I'm joined by SAP's Jan Gilg, Chief Revenue Officer and President for the Americas and the Global Business Suite organization. And Vadhi Narasimhamurti, our Global SAP Offering Leader at Deloitte. First off, I think I nailed your last name.

00:02:21 **Vadhi Narasimhamurti:** You did fantastic with my last name. It's great to be back on Resilient Edge and very excited to share this stage with Jan.

00:02:30 **Chip Kleinheksel:** And Jan, great to have you here for the first time.

00:02:32 **Jan Gilg:** Thanks so much for having me, Chip.

00:02:33 **Chip Kleinheksel:** I've known both of you obviously for a long, long time so it's great to have you on the podcast. And particularly we're lucky to have you here because you both specialize in exactly what this topic is. How do we help companies future-proof themselves? How do we build roadmaps for the future? And it's all in the name. SAP systems include enterprise resource planning system, ERPs. All about successfully planning for the future. I wish we had a crystal ball. We don't. Vadhi, now, the last time we had you on in our 'Dealing with Disruption' episode, we talked about a crystal ball and you talked about flying cars and drones. I don't know if we'll get you to do that this time, but it was a great one. Could you tell us a little bit about yourself, Vadhi, and what you do?

00:03:12 **Vadhi Narasimhamurti:** Happy to do it. Yes. I'm sure there'll be a crystal ball prediction, which will be even more exciting than flying drones and cars. I'm the Global Offering Leader for Deloitte, based out of New York. Over the last 25 years that I've been doing transformations for large clients, consumer products, energy and resources, life sciences - a huge focus of that transformation journey has been to really enable our clients to create value very meaningfully in their supply chains, in their organizations. And all of that experience, at least, has been with SAP. And in that timeframe, 21 of those years I've been with Deloitte and in all of that time that I have been with Deloitte, the big focus has continued to be this notion of creating value, but then the way we create value has evolved. It used to be around, how do we create more efficient and more standardized processes. Now it's

about how do we use AI in a more meaningful way to do that? How does data play a huge role in enabling AI to create value? So over time the 'how do we do things' have evolved, but the fundamental notion that we need to continue to create value for our clients hasn't changed and it's very exciting to be able to have this conversation now about it.
00:04:23 **Chip Kleinheksel:** And Jan, you're at the frontier of the future with your work on ERP, data and AI innovations and all the leadership that you bring. Tell us a bit about that and your role.

00:04:33 **Jan Gilg:** Yeah. So I would say I have one of the best jobs actually at SAP because I get to apply the product expertise that I have gathered over the last couple of years running product engineering for cloud ERP. So being responsible for our ERP, product suite, finance, supply chain industry and so on. And now actually apply that really to drive customer value. So from my perspective, I can only agree with what Vadhi said. The value proposition of core ERP has not changed over the decades. It's all about, how can customers drive efficiencies and run their business as optimal as possible, as efficient as possible, but at the same point in time have the right information and insights to make decisions and put those decisions back in action. What is happening right now on the technology side is really I would say a next wave that re-emphasizes and amplifies that value proposition much, much stronger. The role of data, the role of AI, I think we will touch on that in much more detail, but that's obviously also what drives us and what really makes us believe at SAP here that we are in a great position to offer a platform to our customers that will help them capture the value they're looking for.

00:05:42 **Chip Kleinheksel:** We met obviously when you were in leadership roles on the product side and you know firsthand with the capabilities that SAP has and how it can bring value to our clients.

00:05:51 **Jan Gilg:** Absolutely. And I think we are also moving past the feature function comparisons more and more, right? Because it is really becoming more of a commodity and software, it becomes comparable. There are only slight differences and a better feature here, better feature there. I think at the end it really is about now, how do we leverage this new wave of technology that we have to really help customers drive outcomes and help them to be more efficient, help them to increase productivity, help them to make the right decisions. And it's getting harder. Decision making nowadays I would say is much, much harder than it was maybe 10, 15, 20 years ago.

00:06:27 **Chip Kleinheksel:** I would agree. There's so many things coming at companies right now. In your view, what are the biggest disruptors that businesses should prepare for in the next five, 10 years? And broadly speaking, how should they prepare? Maybe Vahdi, let's start with you.

00:06:41 **Vadhi Narasimhamurti:** It would be remiss if I didn't start the conversation about disruptors without talking about what AI is going to do. I look at it as not so much a disruptor as much as it's an enabler. So some people may view it as a disruptor. I view it as a huge enabler for unlocking things that businesses and people couldn't do in the past. The ability to solve complex medical issues, the ability to solve really critical client problems, the ability to make communication a whole lot easier around the world and the ability to create efficiencies in organizations. All of that is something that AI is going to unlock.

00:07:17 **Jan Gilg:** I would agree. I also believe AI is something that won't just assist. It will increasingly also act. And we see that specifically in our software. At the beginning it was really more about, yeah, help me do certain things just faster that I would anyway do. So instead of five clicks to do a task, I have only one. Now I think with the next generation of agentic AI, it really is that AI itself is going to put things into motion. And so with that, we will see a very different level of automation than we've seen in the last couple of years and decades because we've been talking about process automation for a very long time. And I also believe that data is really not any more considered just a by-product in all of this, but really the fuel. And we have been focused a lot on business processes and transactions at SAP over time, over the decades and data was always something that fell out of it. And now I believe the data is really what will drive the outcome that customers can capture at the end of the day. And I feel that is one big disruption that's out there that customers need to prepare for.

And one more aspect I would like to mention is really the hyper-personalized experiences that we see already in our private life. That will also come into the enterprise. And the expectation is there of course, just like it used to be when cloud came up and everybody wanted software to run in a browser and easy on a mobile phone and so on. And now it's really about the hyper-experience that we get in our private life through some of the AI technology that's out there in the consumer space. How is this applied to the enterprise?

00:08:54 **Chip Kleinheksel:** Yeah, you're right. Data, I think for so long was always a secondary. It was a secondary in any type of transformation that we did. It was a secondary for businesses. They

thought about where they wanted to innovate and now it is at the forefront. As you said, it's the fuel. Our client's IP and the data they have is what's going to drive their ability to leverage AI to the extent that they can, much further and not just from an automation standpoint, but all the way up into analysis and decision making. What emerging technologies, like cloud, we've already hit on AI here, do you see making the biggest impact on businesses in the future?

00:09:33 **Jan Gilg:** I think one thing is really those autonomous enterprise capabilities I touched on earlier, really to have systems that can adjust and reallocate resources automatically. And then cloud-based AI that will enable continuous self-improving operations. It's almost like a digital brain for your business. So we really talk about autonomous business processes rather than just automating business processes. And then of course, one thing that I believe is really important going forward is what can we do with AI to power process mining and optimization? And we already today do a lot of capturing, we look into the data, how are customers running certain processes like an accounts payable process. I think the power here is that this is not going to be anymore a snapshot, something you do at the beginning of the project and then maybe at the end of the project or after a couple of months. But this is really something that is an ongoing activity. And we see that customers will use those capabilities of process mining to really continuously improve to get better and optimize more and more driven by AI capabilities. So I think that's another one of those emerging technologies that will be really meaningful.

00:10:49 **Chip Kleinheksel:** I love that about process mining because what it does is transformation in what you do with a client, it no longer needs to be a one-time couple-year type program. These are dynamic things that can go on and on and on. Leveraging AI to go look at your processes, see where can you make improvements, or have people and folks in your organization deviated from what they should be doing and do we need to position them back?

Vadhi, let's shift a little bit. Many companies invest in technology, but we're still seeing the struggle to adapt. What do you think stands in the way?

00:11:25 **Vadhi Narasimhamurti:** I think there's two things. One of course is the age-old, what we've always termed as change management. How do we get people to really understand the power of these technologies and the value that they bring to their individual work that they do, not just the organization's value with their individual work? And how do we articulate that very meaningfully? How do people see the power of that come to life for them on a daily basis? Continues to be a

question that has in the past created challenges from an adoption perspective. The second thing that's really created a challenge in adoption is the connection between the technology that's implemented to the tangible P& L value that it realizes. That connection sometimes can be not very clear. Oftentimes there is a high level view around what needs to happen that the technology is trying to create in terms of value, and then the technology gets implemented really well and the connection between that value and the technology that was implemented sometimes gets lost.

So the whole point really, if we can figure out how do we continue to create a connection between that vision all the way to the value that's realized from that technology, what we call "vision to value", then that bridge is established better. And if we can continue to bring people along in the journey in a way that they can see the personal benefit for them individually in the jobs that they do along with the organizational benefit, that creates an even faster adoption of all of this. And these two to me have been really the drivers for why technology adoption has straggled. I wouldn't say it struggled, but it straggled at least in a way more than what we would've wanted.

00:13:06 **Chip Kleinheksel:** Did you just coin a new term? I don't know if I've ever heard that, but I'm going to use it.

00:13:11 **Vadhi Narasimhamurti:** Hey, it fits well in this context.

00:13:14 **Chip Kleinheksel:** I love where you're going with that. We've seen companies do a really, really good job of establishing a business case, establishing what they believe the value can be for any type of ERP implementation or technology transformation, but it's the connection to the end of when you actually implement it to say, are we actually now capturing value? And does that track back? Is everything that we're doing through this transformation actually ticking and tying back to the value case that we have and is it driving value for us once we proceed forward? How can businesses ensure that ERP transformation efforts aren't just reactive but truly strategic? And how much time and money in your view, even if it's percentage-based, should companies spend on planning for the future versus optimizing for the now? Jan, let's start with you.

00:14:01 **Jan Gilg:** From my perspective, the first step is to start moving to the cloud rather than staying on-premise, which we still see in the ERP world specifically quite a bit. I think when you talk about line of business solutions like solutions for HR or for procurement and so on, that has happened years ago already. Somehow in the ERP space, we still see a lot of installations that are on-prem and

with that, they're pretty isolated. So it's difficult to access the data from those systems and they struggle to also then have access to the latest innovation that is being provided by the software vendors where tons of R&D money is actually flowing into. The second thing I would say is really to connect the ERP to business outcomes. Often I hear that customers look at ERP transformations maybe as a technical task where they say, "I need to refresh my technology. I need to be on the latest platform. I need to be in the cloud", and so on, and this is all valid, but that's only the foundation I would say. That's kind of a prerequisite, but there's clear business outcomes that an ERP installation and implementation can drive. If you look into what are the business priorities that companies have today, how can software then support revenue growth, operational resilience, customer experience, all those topics, at the end of the day, they depend on ERP software.
So therefore it is an opportunity for customers to really rethink this coming from the business process and the business outcome that is supposed to happen. So there are different paths to get there, but I think AI needs to be at the forefront and sometimes even leading because companies do want to capture value as soon as possible and along the way of such a transformation.

00:15:46 **Chip Kleinheksel:** There are quick wins and value that you can capture. It doesn't mean you have to wait until the end to get value.

00:15:51 **Jan Gilg:** Exactly.

00:15:52 **Chip Kleinheksel:** Vadhi, what's your take on that?

00:15:53 **Vadhi Narasimhamurti:** It's a hundred percent. You actually nailed it around using the word quick wins. I think if you understand what you're looking to get out of the transformation, then you can create quick wins even in the ERP journey. One thing that's really been different ... And Jan you touched on this. If you think about ERP from the past, it is the let's go install a fairly big system. That's pretty monolithic. Here's a standard way to do this, and by God you're going to do this and that's the way you're going the processes are going to work. And that's actually been the mindset of a lot of leaders in different organizations for years because that's how we've done in the past. Today, when ERP goes on the cloud, the ability to innovate is so much faster because Jan can put out capabilities in SAP in the cloud so much quicker than what he can when the solution is on-prem.

So then what happens is the ability to leverage that and to make changes quicker in your environment to support the business changes that you need to make becomes much, much faster. So

now you're a nimble solution. You're a solution that is really focused on addressing the needs of the business as the business evolves on a daily basis. And that's a very, very powerful thing that historically was challenged. So that also then allows you to do what I'm talking about, which is really focus on the value creation aspect of it. So there are capabilities that if you decide that there are improvements you need to make in your procurement process, you can go make that happen because now you have capabilities that are released every quarter that specifically address improvements that can be made in that area. If you choose to make improvements in how you measure logistics spend, well that can happen because again, there are capabilities that are very specific to that, that continue to get deployed into the cloud.

I think the pace of innovation, the fact that this is now a very nimble capability that can keep up with the speed of business and in fact can lead the business, which to me is the other part of it, which is around optimizing for now versus designing for the future. In a lot of cases, ERP capabilities now can actually really help businesses rethink the way they need to go about their own business. That could be whether in the way you do an M&A acquisition and how quickly you can do that or in the way you create organic growth by creating opportunities, whether it's in the way you do pricing or optimizing cost, whether it's in the way you manage logistics spend or procurement spend. All of that is possible today that we would've really all candidly struggled with 10 years ago. And that fundamental change is really helping the way we think about how ERPs I think can support the future.

00:18:28 **Chip Kleinheksel:** It used to be that businesses would have a desire or requirements that they want to be fulfilled, and it was can the technology go do it? And if you think about where we're at now that tech can do more than oftentimes what businesses are even ready for. And I went back to something Jan you said earlier. Because it all comes down to, first business outcomes. How do you make sure you're designing it and doing tech transformation for business outcomes so that you can drive value while you're transforming and preparing yourself for the future? It's embedding intelligence throughout, and the ability to leverage cloud technologies to be able to do it at pace all to get what you said Jan, the digital brain for your business. Vadhi, you mentioned our framework for vision to value earlier. What do you think the value of having and deploying it as a concrete framework is?

00:19:21 **Vadhi Narasimhamurti:** We have thought about vision value for three reasons. One of them is to make a clear connection between the upfront vision that an organization has when they embark

on a really complex transformation journey, keeping that vision alive through the course of the implementation and on the back end actually realizing the value that that vision originally set out to achieve. Oftentimes in these transformation journeys ... Jan touched on this. These transformation journeys can be long and leaders change in the organization during the transformation journey. This is a year-long journey or a two-year-long journey, and sometimes you forget what you originally intended to achieve, but if you can keep what you originally intended to achieve front and center through the life cycle of the program and beyond, then you can always go back to: did we actually achieve this or not? So first is keeping this vision alive through the entire journey. That's number one.

Second is leveraging capabilities that exist today to make sure that you can actually track value. The third I would say is, because of the dynamism that AI has brought into this picture, what we now think about with 'vision to value' is the time to achieve value is shrinking. Even on a long journey, you can start to achieve value sooner than what you had done before. And again, keeping that alive and making sure that you're connecting the key performance metrics that drive value to those, what we call process and functional value journeys, that are the end-to-end processes that teams are implementing, keeping them connected allows you to start tracking quicker wins and again, gives you the ability to get back to what you were originally looking to achieve. So that was the fundamental premise of having 'vision to value', was these three things.

00:21:04 **Chip Kleinheksel:** Now, as you both spoke, value continues to be the obvious center point of how you make sure you're future-proofing, but doing it in a way where you get an ROI, but value can look like a lot of different things. What are some of the significant ways you've seen value be defined Vadhi?

00:21:21 **Vadhi Narasimhamurti:** A good example at one of the CPG companies, value was about just their ability to really understand cost-to-serve. What is the cost to serve their customers so they can then define, how do they serve these customers better, how do they optimize that cost? And as a result, how do they drive margin? Sounds really simple, but think about it. To really understand the actual cost to manufacturing, not just your standard cost. So use capabilities for us SAP geeks, use the capabilities of material ledger to really understand what actual costs look like, but that's just one component of cost to serve. You have to take that and then you have to look at, what is the cost to warehouse? What is the cost to distribute? What is the cost that your customers are incurring on the retail shelves in order for your consumers to actually consume the product?

So cost to serve can actually get very complex and that requires a lot of data that needs to come from inside of SAP from the systems, but it also requires a lot of external data. And being able to process all of that in a simplified manner using AI to really understand because you're going to get data from lots of suppliers, lots of transportation vendors, lots of freight companies. How do you bring that together, simplify it to understand that in a more meaningful way? Just that simple statement of cost to serve has all of these implications. So the ability to articulate that, that's really what you're looking to do from the ERP is to understand your cost to serve will lead to a series of statements around understanding transportation costs, understanding warehousing costs, understanding manufacturing costs, understanding actual procurement costs. And that creates the series of statements that the various project teams have to go implement. And that requires a level of integration with external companies. It requires a level of intelligence to understand the data that's coming in and then being able to translate that into meaningful information that can then be used by executives. So that's a simple example of what you define as value. Simple statement, but a lot of work to make that happen.

00:23:20 **Jan Gilg:** And if I can add to that, I think one of the key advantages that we see right now is really the fact that we have thousands, 10 thousands of customers that are moving to the cloud with us. So we have a significant grip on the data that is being generated across the world. 80% of the data does touch an SAP system, so we can fairly well understand how business is going across the globe, across all industries, and that makes it so much more powerful than to define exactly those KPIs that you just mentioned, but not from a single customer enterprise perspective, but really have those benchmarks and say, "Hey, this is how the biggest peers in your industries are doing it in North America, in Europe, in Asia," and provide that information back to the customer, which then of course goes back to the whole discussion, how do I capture this information with tools like Signavio where I can really measure my performance, my process KPIs? And then how do I do, against my peers based on real data, not something where you send a survey and ask somebody, what's your DSO?

00:24:22 **Vadhi Narasimhamurti:** Jan, one thing I will say is this comment that you just made is extremely important around the fact that you can use real data to actually tighten even the benchmarks. A bunch of the benchmark data is based on surveys, as you said, and so how do you rely on that benchmark data and how do you make sure you can make decisions, and actually in some cases strive to achieve that data or in some cases actually strive to do better. That all becomes more

real because you're actually using real data to create those benchmarks, not just perspectives and inputs from surveys that have traditionally been the main driver for how these were created.

00:24:59 **Chip Kleinheksel:** Or emotions.

00:25:00 **Vadhi Narasimhamurti:** Even better. Yeah.

00:25:02 **Chip Kleinheksel:** Because I think we've all seen that too.

00:25:03 **Vadhi Narasimhamurti:** That's right.

00:25:04 **Chip Kleinheksel:** So, to summarize then, it's establishing a vision for the value levers that you want, keeping that vision alive throughout the journey that you're going through for your transformation, leveraging the technology capabilities of SAP and the ecosystem actually go drive value into what you're creating for your business to go take advantage of. And then ultimately Vadhi and you said it well, it's also leveraging those same capabilities to actually track value throughout the journey so you don't get done or don't go live and then say, are we getting value here or not? You're well aware about the value you're getting and you can tick and tie it back to your business and all the different levers you want to pull. I love that.
So let's get a little bit more tactical here. How do SAP and Deloitte integrate 'vision to value' at each stage of the ERP implementation body before, during and after?

00:25:55 **Vadhi Narasimhamurti:** We have a whole framework around 'vision to value'. So in the phase zero work that potentially happens before you start off on implementation. So any of the strategy and planning exercises that occur, all companies do it because you're investing a lot of money in this transformation journey. You really want to understand how to plan it. And in that timeframe, having a series of specific conversations around what are the specific value levers that you're looking to improve? And we are working actually with SAP's value engineering team, in conjunction with them to really create an integrated perspective of how do you think about value upfront? So that's one before the implementation. And our vision to value tool allows you to really, in easy terms, create what we call a value charter that summarizes all of this set of workshops that you can have with your executives.

The second is baselining of that data. And that baselining of the data can happen during the implementation because a lot of companies today are going from ECC environments to S4, and you can use tools like Signavio on the ECC environment to actually baseline your existing data to really understand where you stand today.

So again, partnering with SAP to leverage the tool sets and capabilities to make sure that you can baseline during the project, and also manage the change control off the transformation journey using value as a lever rather than who's screaming the loudest, which typically is what happens on projects. And then, third is on the backend. As we think about once you go live - again, now you connect capabilities like Signavio and LeanIX to the newer environments, both to understand your business process adherence and also your technology capabilities. The combination of the two start to create actual data for you to measure whether you are achieving the outcomes that you look to achieve. In the past this is where, often we didn't get to the finish line because you didn't have the capabilities to be able to do this real time, and so you would now get back to what Jan was saying, surveys to hope that you actually achieve the value and you don't need to do that anymore. You have the ability to do it.

So in conjunction with SAP technologies and the fact that we can think about this end-to-end and make sure that we are connecting the dots between value drivers and these end-to-end processes that project teams implement ... And we've done this now, we've had 60 different client conversations. We're actually doing this work at over 25 different clients and the feedback from them has been really positive that they can start to make the connection that was much harder to make. Is it perfect today? No. Not by any stretch of the imagination, but is it better than what it used to be in making the connection between your KPIs and eventually the value that you're looking to achieve on the backend? Absolutely. So very encouraging results.

00:28:33 **Chip Kleinheksel:** When it comes to the ERP planning and strategy stage how do you align a company's organizational strategy to ERP goals and determine what critical metrics and value drivers will demonstrate success?

00:28:45 **Jan Gilg:** You really need to start with the business strategy and not the system itself. So the ERP goals, they need to be anchored in where the business is going. You're basically not just automating the status quo, and especially for customers that are sitting on an ECC system that they have implemented maybe 15 years ago. That was a very, very different world, very different business

environment they used to compete in, and that has changed fundamentally. So therefore it doesn't help if you just optimize those processes as they were. So you really have to align your ERP project to your strategic priorities, and that could be growth, it could be margin improvements, M&A integration, customer experience, sustainability, or maybe a combination of some of those strategies. So I think that is really the key to get started and then translate those strategic goals into operational capabilities. As Vadhi laid it out earlier, to really understand what capabilities are needed to deliver them. For instance, what do I need to do to have a faster close cycle? What do I need to do to be better in predicting supply chain, demand and supply? Or supply chain disruption down multiple tiers into the supply chain?

And then of course you need to define that value really early and then measure it often. This is not a one-off which you do at the beginning maybe of the project and you build your business case that's static and then, that's basically it. And so it is really establishing this continuous discipline of defining those KPIs. And it also shouldn't be hundreds. It's usually a couple, a handful that are really important that when you move the needle on them, it really has an impact on the business outcome, and continue to measure. That's really getting into this continuous improvement cycle.

00:30:33 **Vadhi Narasimhamurti:** One thing I would add to what Jan was saying was, as you think about value drivers and critical metrics, as we have done this work across different industries, what we've found is there are some metrics that are very common across all of the industries. And there are some metrics, especially in the way you measure how you handle your customers, that could look different between different industries. So one thing we have done with 'vision to value' is really put in a really clear industry flavor into it. So what are those key metrics in a CPG environment, and what are the key metrics in an oil and gas environment? And they look very different in several areas upfront when they deal with the customer. But may look very similar on the backend when you're talking about internet procurement, when you're talking about accounts payable. Having that clarity of those metrics and differentiating them by industry has also been something that's both important but also very, very necessary as organizations continue to adapt this.

00:31:25 **Jan Gilg:** A hundred percent.

00:31:26 **Chip Kleinheksel:** I agree. It's establishing the business strategy, being willing to transform your business processes, looking at, "How do I actually take advantage of the next-gen tech embedded in those processes?" Jan, you mentioned embedded AI earlier. And then all doing it with an industry

flavor and aligning to, where are the industries going, how should those processes be designed for the future, not how you used to do it.

I worked with a partner way, way back, and he wrote up on a board, and I've never forgotten this. He put an equation and it said, NT+ OP= EOP. And I said to him, "What is that?" He says, "New technology plus old processes just equals expensive old processes," is what he told me. And I've always remembered that. If you're not looking to transform your processes and you're implementing new tech well, you're not going to get a whole lot of it. You have to think about, how can you leverage this technology to actually transform to go get value? And that's a good segue. In the system-sustaining stage, so after the system's been built and deployed, how do you maintain the focus on value beyond that initial business case? Vadhi, what does that look like?

00:32:36 **Vadhi Narasimhamurti:** First of all, after you go live is when you really start creating value. Because until you go live, all you've done is try to optimize processes. You've got your system up and running, but the first time you really are creating value is after you go live. So first of all, being able to tick and tie what is it that you're creating as value back to what your original vision was. That connection is all what 'vision to value' has been about, but that needs to first be done and now we have the capabilities to do it, and now you can keep that consistent. The second thing that needs to happen is at the end of the day, business continues to change. Business continues to evolve, business continues to adapt. And as those happen, again, going back to as those improvements happen, going back into the fundamental overall enterprise value that we've talked about that has to focus on revenue growth, optimizing costs, and increasing asset efficiencies, it'll have to come back to those. Bringing it back to that, and again, for every activity that happens after being clear about what it is that you're looking to accomplish and following the same continuous loop around leveraging, doing that activity, understanding what the value is, tracking the baseline, identifying the improvement opportunities, and doing a continuous loop. That has to be the culture of the organization. That has to be the mindset of leaders in the organization.

Today these projects are looked at as a one-and-done. I've done the project, I'm done. It's not a project anymore. That's the way of doing business. And the mindset needs to change. And I think that's changing in different organizations and different industries at different speeds. I think what technology will allow it to do is create an acceleration of that change because you will be left behind if you don't adapt to some of the newer things that are happening and you won't be able to take

advantage of it. So I feel like this cycle of continuous improvement after go-live will become the way businesses will operate going forward because of the way technology is pushing them to do so.

00:34:24 **Chip Kleinheksel:** Okay, guys. Now to the fun part of our program. Value can look like a lot of different things. What's one thing you value a lot that doesn't seem to make much sense to other people? For me, I'm a golfer. I like a straight three-foot putt. If you leave me with a breaker, I might miss it. I don't want to do that. Vadhi, what about you?

00:34:42 **Vadhi Narasimhamurti:** Well, for me, I got to tell you, my cricket team in India, they're having the absolute worst season in the last 17 years as a cricket team. So for me, what I would value is this magical turnaround in the last five games where they at least save face even if they don't qualify, at least save face from this terrible season they've had.

00:35:01 **Chip Kleinheksel:** Vadhi, I don't know anything about cricket. Jan, how about you?

00:35:04 **Jan Gilg:** Yeah. For me, I think what I value, working in a large corporation like SAP, I am just like you, spending a lot of time with customers from other large corporations. Sometimes it's really good to have clarity over consensus. I really value that because I see this so often that we get caught up in endless discussions and it's really hard to make a decision because somebody has a concern here or there. So I feel if you have clarity on the purpose and what you want to achieve and the outcome, then sometimes it's better to just go for it than to wait for the consensus. So I do value that quite a bit I have to say.

00:35:41 **Chip Kleinheksel:** I like it. Well, thank you both. I've really enjoyed this future focused conversation. We emphasize how a focus on value throughout each stage of the ERP transformation journey can help your company be agile and continually competitive. Thank you to my guests, Jan Gilg, chief revenue officer and president SAP Americas and the Global Business Suite organization.

00:36:01 **Jan Gilg:** Thanks so much for having me, Chip.

00:36:03 **Chip Kleinheksel:** Vadhi Narasimhamurti, Global SAP Offering Leader at Deloitte.

00:36:06 **Vadhi Narasimhamurti:** Thanks for having me. A pleasure to be with you too.

00:36:09 **Chip Kleinheksel:** I'm Chip Kleinheksel, host of Resilient Edge, a business vitality podcast, paid and presented by Deloitte, and produced for Deloitte by BBC StoryWorks Commercial Productions. Thanks so much for listening. We'd appreciate a review on your podcast app. And goodbye for now.